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UNCLAS HARARE 002183

SIPDIS

STATE FOR AF/EX
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR 2037 DIEMOND
TREASURY FOR OREN WYCHE-SHAW
PASS USTR FLORIZELLE LISER
STATE PASS USAID FOR MARJORIE COPSON

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [AMGT](#) [ZI](#)

SUBJECT: BREAD NOW BEYOND REACH FOR MANY

[1](#)1. Summary: Bakeries have increased the price of bread from Z\$1,750 (US 26 cents) to Z\$2,500 (US 37 cents), well beyond the reach of most ordinary Zimbabweans who earn less than a dollar a day. Bread has become increasingly important here since most families use it as a substitute for the local maize-meal staple, "sadza." End summary.

[1](#)2. Most winter wheat growers are now illegally circumventing the Grain Marketing Board (GMB) -- the sole organization entrusted by GOZ to buy grain -- and contracting with private millers. The GMB is offering just Z\$350,000 (US\$52.63) per ton for wheat, well below production cost. Because many farmers in question are beneficiaries of fast track land reform's A2 scheme and connected to the GOZ through military or civilian affiliation, the GOZ is unable to act against them. These new farmers are selling their wheat at Z\$2 million (US\$ 300.75) per ton to bakeries, which are passing on the cost to consumers. Private importers such as Bakers Inn now pay the same price for flour. New farmers are gradually coming to appreciate the cost of growing crops such as wheat. They are increasingly willing to defy or ignore the GMB.

[1](#)3. Comment: The GOZ now faces the dilemma of satisfying its new farmers while subsidizing the purchases of an already-restless population reeling from 456 percent inflation. The authorities cannot move against these well-connected and powerful new farmers just starting to come to grips with the fundamentals of commercial farming: cost-recovery through profit-making.

Sullivan